

Q3



Interim Report January – September 2016

Significant events during the second quarter 2016

- The geotechnical logging continued

Third quarter, 1 July – 30 September 2016

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK – 2.0 million (–2.6)
- Investments in the period July - September totalled SEK 0.5 million (0.7)
- Basic earnings per share were SEK –0.06 (–0.17)

Interim period, 1 January – 30 September 2016

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK –6.8 million (–10.7)
- Investments in the period July - September totalled SEK 3.4 million (9.5)
- Basic earnings per share were SEK –0.19 (–0.74)
- Cash and cash equivalents on 30 September 2016 amounted to SEK 1.9 million (1.1)

Significant events after the end of the period

- A bridge loan was granted by major owners

Key ratios (Group)

<i>Amount in SEK</i>	2016 July - Sep	2015 July - Sep	2016 Jan - Sep	2015 Jan - Sep	2015 Jan - Dec
Equity ratio (%)	86.63%	80.10%	86.63%	80.10%	86.6%
Earnings per share	-0.06	-0.17	-0.19	-0.74	-0.19
Equity per share	2.74	6.08	2.74	6.08	3.29
Quick ratio (%)	192.67%	20.40%	192.67%	20.40%	445.54%
No. of shares	36 545 550	14 510 712	36 545 550	14 510 712	36 545 550
Weighted average no. of shares before dilution	36 545 550	14 510 712	36 441 199	14 510 712	36 441 199

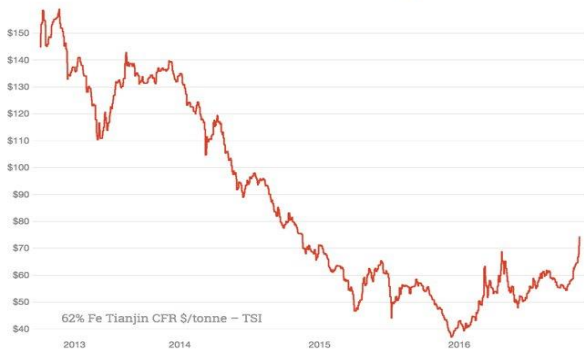
Nordic Iron Ore AB is a mining development company that aims to resume and develop iron ore production at Ludvika Mines in Blötberget and Håksberg. The Company has all the essential permits in place, which will enable it to produce iron ore of extremely high quality from significant mineral resources.

Comments from the Managing Director

The Market for Iron Ore Advances Strongly:

The iron ore market price for 62%Fe iron ore has made a major surge again to well over \$70/t (See figure below).

Iron ore reverses long decline



Source:- The Steel Index

Many observers are still puzzled, but the following facts have contributed to the maintaining the strength of iron ore prices.

- Closure of iron ore mines in China
- Continued growth in iron ore imports to China, the rate is a record level at over 1bn tonnes/year
- As NIO management have stated many times the big 3 or 4 iron ore suppliers have control of the markets and are beginning to throttle back supply
- The big three suppliers have reduced capital spend and investment and the consequence is that they are either incapable of meeting targets or are (deliberately??) missing production targets because of over optimism. Vale for instance targeted 400Mt in 2016 and it is now expected to produce 340-350Mt in 2016.
- Less likelihood of Roy Hill starting up – delayed until 2017 officially

More telling is the fact that the iron ore futures have been rising steadily over the past few months in defiance of what many of the analysts have been predicting. The 2019 calendar year average has risen almost 30% and shows little sign of returning to unrealistically low values seen previously.

Quality premiums, in Asia in particular, are seen to be rising, with an increase in values rising as high as \$9/t between the

62%Fe fines and 65%Fe – values not seen for some years. Furthermore, premiums for other high quality or value-added iron ore products are reaching the highest levels seen for some years.

These increases in the premiums for quality iron ore products potentially provide NIO with improved profit margins and reinforce the general view that continued shortages of quality ores will continue to maintain these premiums for some time.

All of this evidence is beginning to reinforce a case for investment for the future.

NIO continues to carry out the next step of the feasibility study by the appointment of specialist consultants for the geotechnical and hydrogeological assessment as a precursor for the mine design and scheduling phase of the study.

However, this work requires additional financing and the board is presently evaluating alternatives to raise the funding needed

Paul Marsden

Managing Director, Nordic Iron Ore AB (publ)



Operations

Significant events during the period

Project activities

The work with geotechnical logging of drill cores continued. The geological logging is ready and the geotechnical information will generate important input regarding the physical characteristics of the rock to the upcoming mine planning.

Permits and concessions

The company has submitted two applications for mining concessions (Väsman Syd and Blötberget extension NE) to Bergsstaten and is waiting for their approval. The xdsxprocess has taken longer than usual due to a ruling by the Supreme Administrative Court, related to another external project. The ruling stipulates that the application for concessions must cover all land that will be used if the concession is utilised and not only the concession area. This has caused Bergsstaten to review their procedures and to redo ongoing investigations.

Board of directors

Sigrun Hjelmquist left the board in September and Ryan Huff took over the position as chairman.

Share and ownership structure

At the end of the period the share capital amounted to SEK 6 337 854 divided between 36 545 550 with a quota value of SEK 0.17 per share. The number of shareholders totalled 3.494.

Financial position

On the balance sheet date the Group had a liquidity of SEK 1.9 million. The equity/assets ratio was 86.63%. The Group's equity amounted to SEK 100.06 million, corresponding to SEK 2.74 per share.

Investments

During the period January – September investments totalled MSEK 3.5. The entire amount relates to prospecting resources and investigation work for the planned resumption of mining operations in Blötberget.

Employees

On average, two people were employed by the Company during the period and three were engaged on a consultancy basis.

Financial calendar

Year-end report for the financial year 2016: February 2017

Risks and uncertainties

In addition to risks associated with future global market prices for iron ore products that affect the profitability of the project, as well as the technical risks, the possibilities of starting up operations depend on the requisite permits from authorities being obtained and the extensive capital requirements being met. There have been no significant changes to alter this description.

Events after the period end

In November the company received a short term loan, amounting to SEK 2 million, from major shareholders.

Annual report and financial reports

The Company's press releases and financial reports are distributed via Cisionwire and are available at www.nordicironore.se.

Operations

Stockholm. 17 November 2016

The Board of Nordic Iron Ore AB (publ). corporate identity no. 556756-0940

Jonas Bengtsson

Ryan Huff

Johnas Jansson

Paul Marsden
Managing director

This report has not been reviewed by the auditors.

Technical source material has been reviewed by the Company's qualified persons. Hans Thorshag and Paul Marsden. Hans Thorshag is a qualified person under FRB standards and Paul Marsden as defined in the internationally recognized JORC Code. based on his training and experience in exploration. project development and mineral process engineering.

For further information. please contact:

Paul Marsden
E-mail: paul.marsden@nordicironore.se

Consolidated statement of comprehensive income - summary

		2016	2015	2016	2015	2015
<i>Amounts in SEK</i>	<i>Note</i>	<i>July - Sep</i>	<i>July - Sep</i>	<i>Jan - Sep</i>	<i>Jan - Sep</i>	<i>Jan - Dec</i>
Net revenue		0	0	0	0	0
Other operating income		0	0	0	0	100 000
Total operating income		0	0	0	0	100 000
Other external costs		-1 608 507	-996 847	-5 223 377	-5 454 075	-6 869 229
Personnel expenses		-49 130	-970 696	-431 342	-3 648 282	-4 163 830
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-28 436	-34 778	-94 177	-135 377	-170 154
Operation profit/loss		-1 686 073	-2 002 321	-5 748 896	-9 237 734	-11 103 213
Financial income		271	339	810	435	638
Financial expenses		-317 069	-522 583	-1 021 144	-1 457 907	-1 806 604
Net financial income/expense		-316 798	-522 244	-1 020 334	-1 457 472	-1 805 966
Profit/loss after financial income and expense		-2 002 871	-2 524 565	-6 769 230	-10 695 206	-12 909 179
PROFIT/LOSS FOR THE PERIOD		-2 002 871	-2 524 565	-6 769 230	-10 695 206	-12 909 179
OTHER COMPREHENSIVE INCOME		-	-	-	-	-
Total comprehensive income for the period		-2 002 871	-2 524 565	-6 769 230	-10 695 206	-12 909 179
Attributable to:						
Parent company shareholders		-2 002 871	-2 524 565	-6 769 230	-10 695 206	-12 909 179
TOTAL		-2 002 871	-2 524 565	-6 769 230	-10 695 206	-12 909 179
Number of shares						
Number of shares at year-end		36 545 550	14 510 712	36 545 550	14 510 712	32 460 954
Average no. of shares (before dilution)		36 545 550	14 510 712	36 441 199	14 510 712	16 289 394
Average no. of shares (after dilution)		36 545 550	14 510 712	36 441 199	14 510 712	16 289 394
Earnings per share						
Earnings per share, weighted average before dilution, SEK		-0.06	-0.17	-0.19	-0.74	-0.79
Earnings per share, weighted average after dilution, SEK		-0.06	-0.17	-0.19	-0.74	-0.79

Consolidated statement of financial position - summary

<i>Amounts in SEK</i>	<i>Note</i>	30/09/2016	30/09/2015	31/12/2015
Assets				
Non-current assets				
Intangible assets		112 671 353	107 943 430	109 219 231
Property, plant and equipment		126 677	255 631	220 854
Financial assets		31 490	31 618	31 564
Current assets				
Other current assets		723 943	742 706	659 503
Cash and cash equivalents		1 945 949	1 146 543	12 695 599
Total assets		115 499 412	110 119 928	122 826 751
Equity and liabilities				
Equity		100 057 585	88 244 472	106 838 696
Non-current liabilities		14 056 111	12 632 778	12 990 556
Current liabilities	1	1 385 716	9 242 678	2 997 499
Total Equity and liabilities		115 499 412	110 119 928	122 826 751
Amounts in SEK				
<i>Amounts in SEK</i>	<i>Note</i>	30/09/2016	30/09/2015	31/12/2015
Deposit in accordance with the Swedish Mineral Act. Bergsstaten		31 490	31 618	31 564
Contingent liabilities		None	None	None

Consolidated statement of change in equity

<i>Amounts in SEK</i>	Note	Share capital	Other contributed capital	Profit/loss brought forward. incl. profit/loss for the period	Total equity
Opening equity 01/01/2016		6 337 854	176 621 884	-76 121 042	106 838 696
Comprehensive income for the period				-6 769 230	-6 769 230
Transaction costs			-11 881		-11 881
CLOSING EQUITY 30/9/2016		6 337 854	176 610 003	-82 890 272	100 057 585
Opening equity 01/01/2015		2 516 497	159 635 044	-63 211 863	98 939 678
Comprehensive income for the period				-10 695 206	-10 695 206
CLOSING EQUITY 30/9/2015		2 516 497	159 635 044	-73 907 069	88 244 472
Opening equity 01/01/2015		2 516 497	159 635 044	-63 211 863	98 939 678
Comprehensive income for the period				-12 909 179	-12 909 179
Unregistered share capital		708 364	3 376 232		4 084 596
New share issued		3 112 993	14 837 250		17 950 243
Transaction costs			-1 226 642		-1 226 642
CLOSING EQUITY 31/12/2015		6 337 854	176 621 884	-76 121 042	106 838 696

Consolidated cash flow statement – summary

		2016	2015	2016	2015	2015
<i>Amounts in SEK</i>	Note	July - Sep	July - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Operating activities						
Profit/loss for the period		-2 002 870	-2 524 565	-6 769 230	-10 695 206	-12 909 179
Adjustments for items not included in the cash flow		28 509	34 778	94 250	135 377	170 154
Cash flow from operating activities before changes in working capital		-1 974 361	-2 489 787	-6 674 980	-10 559 829	-12 739 025
Cash flow from changes in working capital						
Change in working capital		283 548	322 781	-64 439	1 903 002	1 986 260
Change in operating liabilities		-153 493	-870 774	-558 109	-5 690 262	-3 101 006
Cash flow from operating activities		-1 844 306	-3 037 780	-7 297 528	-14 347 089	-13 853 771
Cash flow from investment activities		-525 879	-714 079	-3 452 122	-9 467 635	-10 743 436
Cash flow from financing activities		0	1 000 000	0	5 250 000	17 581 539
Cash flow for the year		-2 370 185	-2 751 859	-10 749 650	-18 564 724	-7 015 668
Opening cash and cash equivalents		4 316 134	3 898 402	12 695 599	19 711 267	19 711 267
CLOSING CASH AND CASH EQUIVALENTS		1 945 949	1 146 543	1 945 949	1 146 543	12 695 599

Parent Company Income statement - summary

		2016	2015	2016	2015	2015
		2016	2015	2016	2015	2015
Amounts in SEK	Note	July - Sep	July - Sep	Jan - Sep	Jan - Sep	Jan - Dec
Net revenue		0	0	0	0	0
Other operating income		0	0	0	0	100 000
Total operating income		0	0	0	0	100 000
Other external costs		-1 608 507	-996 847	-5 223 377	-5 454 075	-6 869 229
Personnel expenses		-49 130	-970 696	-431 342	-3 648 282	-4 163 830
Depreciation of property, plant and equipment and intangible fixed assets		-28 436	-34 778	-94 177	-135 377	-170 154
Operating profit/loss		-1 686 073	-2 002 321	-5 748 896	-9 237 734	-11 103 213
Other interest income and similar profit/loss items		271	339	810	435	638
Interest expense and similar profit/loss items		-317 069	-522 583	-1 021 144	-1 457 907	-1 806 604
PROFIT/LOSS FOR THE PERIOD		-2 002 871	-2 524 565	-6 769 230	-10 695 206	-12 909 179
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME						
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-2 002 871	-2 524 565	-6 769 230	-10 695 206	-12 909 179
Attributable to:						
Parent Company shareholders		-2 002 871	-2 524 565	-6 769 230	-10 695 206	-12 909 179
TOTAL		-2 002 871	-2 524 565	-6 769 230	-10 695 206	-12 909 179

Parent Company Balance sheet - summary

<i>Amounts in SEK</i>	<i>Note</i>	30/09/2016	30/09/2015	31/12/2015
Assets				
Non-current assets				
Intangible assets		112 671 353	107 943 430	109 219 231
Property, plant and equipment		126 677	255 631	220 854
Financial assets		31 490	31 618	31 564
Shares in subsidiaries		50 000	50 000	50 000
Currens assets				
Other current assets		723 943	742 706	659 503
Cash and cash equivalents		1 902 712	1 103 305	12 652 362
Total assets		115 506 175	110 126 690	122 833 514
Equity and liabilities				
Equity		100 064 348	88 251 235	106 845 458
Non-current liabilities		14 056 111	12 632 778	12 990 556
Current liabilities		1 385 716	9 242 677	2 997 500
Total Equity and liabilities		115 506 175	110 126 690	122 833 514
Amounts in SEK				
Note				
Deposit in accordance with the Swedish Mineral Act. Bergsstaten		31 490	31 618	31 564
Contingent liabilities		None	None	None

Accounting policies

The Group

This interim report was prepared in accordance with IAS 34 Interim Financial Statements and in accordance with RFR 1 of the Swedish Financial Reporting Board and, for the Parent Company, RFR 2. The same accounting policies and calculation methods are applied as in the last interim report. For a detailed description of the accounting policies applied for the Group and the Parent Company in this interim, see the annual report of 2015.

Notes to the Financial Statements

Note 1 Key ratios (Group)

<i>Amount in SEK</i>	2016 July - Sep	2015 July - Sep	2016 Jan - Sep	2015 Jan - Sep	2015 Jan - Dec
Equity ratio (%)	86.63%	80.10%	86.63%	80.10%	86.6%
Earnings per share	-0.06	-0.17	-0.19	-0.74	-0.19
Equity per share	2.74	6.08	2.74	6.08	3.29
Quick ratio (%)	192.67%	20.40%	192.67%	20.40%	445.54%
No. of shares	36 545 550	14 510 712	36 545 550	14 510 712	36 545 550
Weighted average no. of shares before dilution	36 545 550	14 510 712	36 441 199	14 510 712	36 441 199
Weighted average no. of shares after dilution	36 545 550	14 510 712	36 441 199	14 510 712	36 441 199

Key ratio definitions

Equity/assets ratio:

Earnings per share:

Equity per share:

Quick ratio:

Equity as a per cent of the balance total.

profit/loss after tax in relation to the weighted average number of shares.

Equity in relation to the number of shares on the balance sheet date.

Current assets excluding stock in relation to current liabilities.